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HOUSE BILL 222

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Luciano "Lucky" Varela

AN ACT

**RELATING TO HOUSING; PROVIDING FOR A STATEWIDE HOUSING
REHABILITATION REVOLVING LOAN FUND; PROVIDING POWERS AND
DUTIES; MAKING AN APPROPRIATION; DECLARING AN EMERGENCY.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. Section 58-18-3 NMSA 1978 (being Laws 1975,
Chapter 303, Section 3, as amended) is amended to read:**

**"58-18-3. DEFINITIONS. -- As used in the Mortgage Finance
Authority Act:**

**A. "authority" means the New Mexico mortgage
finance authority;**

**B. "bonds" or "notes" means the bonds or bond
anticipation notes, respectively, issued by the authority
pursuant to the Mortgage Finance Authority Act;**

C. "federal government" means the United States of

underscored material = new
[bracketed material] = delete

1 America and any agency or instrumentality of the United States
2 of America;

3 D. "FHA" means the federal housing administration;

4 E. "FHLMC" means [~~the federal home loan mortgage~~
5 ~~corporation~~] Freddie Mac;

6 F. "FNMA" means [~~the federal national mortgage~~
7 ~~association~~] Fannie Mae;

8 G. "home improvement loan" means a mortgage loan to
9 finance those alterations, repairs and improvements on or in
10 connection with an existing residence that the authority
11 determines will substantially protect or improve the basic
12 livability or energy efficiency of the residence;

13 H. "mobile home" means a movable or portable
14 housing structure, constructed to be towed on its own chassis
15 and designed to be installed with or without a permanent
16 foundation for human occupancy as a residence; it may include
17 one or more components that can be retracted for towing
18 purposes and subsequently expanded for additional capacity, or
19 two or more units separately towable but designed to be joined
20 into one integral unit, as well as a single unit, except that
21 "mobile home" does not include recreational vehicles, or
22 modular or premanufactured homes built to Uniform Building Code
23 standards and designed to be permanently affixed to real
24 property;

25 I. "mortgage" means a mortgage, mortgage deed, deed

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[bracketed material] = delete

1 of trust or other instrument creating a lien, subject only to
2 title exceptions as may be acceptable to the authority, on a
3 fee interest in real property located within the state or on a
4 leasehold interest that has a remaining term at the time of
5 computation that exceeds or is renewable at the option of the
6 lessee until after the maturity day of the mortgage loan or an
7 instrument creating a lien on a mobile home;

8 J. "mortgage lender" means any bank, bank or trust
9 company, trust company, mortgage company, mortgage banker,
10 national banking association, savings bank, savings and loan
11 association, credit union building and loan association and any
12 other lending institution; provided that the mortgage lender
13 maintains an office in New Mexico, is authorized to make
14 mortgage loans in the state and is approved by the authority
15 and either the FHA, VA, FNMA or FHLMC;

16 K. "mortgage loan" means a financial obligation
17 secured by a mortgage;

18 L. "municipality" means a county, city, town or
19 village of the state;

20 M "new mortgage loan" means a mortgage loan made
21 by a mortgage lender to a person of low or moderate income to
22 finance project costs and containing terms and conditions
23 required by rule of the authority;

24 N. "persons of low or moderate income" means
25 persons and families within the state who are determined by the

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[bracketed material] = delete

1 authority to lack sufficient income to pay enough to cause
2 private enterprise to build an adequate supply of decent, safe
3 and sanitary residential housing in their locality or in an
4 area reasonably accessible to their locality and whose incomes
5 are below the income levels established by the authority to be
6 in need of the assistance made available by the Mortgage
7 Finance Authority Act, taking into consideration the following
8 factors:

9 (1) the total income of those persons and
10 families available for housing needs;

11 (2) the size of the family units;

12 (3) the cost and condition of housing
13 facilities available;

14 (4) the ability of those persons and families
15 to compete successfully in the normal private housing market
16 and to pay the amounts at which private enterprise is providing
17 sanitary, decent and safe housing; and

18 (5) standards established by various programs
19 of the federal government for determining eligibility based on
20 income of those persons and families;

21 0. "project" means a work or undertaking, whether
22 new construction, acquisition of existing residential housing,
23 remodeling, improvement or rehabilitation approved by the
24 authority for the primary purpose of providing sanitary,
25 decent, safe and affordable residential housing within the

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1 state for one or more persons of low or moderate income;

2 P. "project costs" means the total of all costs
3 incurred in the development of a project that is approved by
4 the authority as reasonable and necessary; "project costs" may
5 include:

6 (1) the cost of acquiring real property and
7 improvements located on the property, including payments for
8 options, deposits or contracts to purchase real property;

9 (2) cost of site preparation, demolition and
10 development;

11 (3) fees in connection with the planning,
12 execution and financing of a project;

13 (4) operating and carrying costs during
14 construction;

15 (5) cost of construction, remodeling,
16 rehabilitation, reconstruction, home improvements, fixtures,
17 furnishings and equipment for the project;

18 (6) cost of land improvements both on and off
19 site;

20 (7) expenses in connection with initial
21 occupancy of a project;

22 (8) reasonable profit and risk fees to the
23 general contractor in addition to the job overhead and, if
24 applicable, to the developer;

25 (9) allowances established by the authority

1 for working capital and contingency reserves and reserves for
2 any anticipated operating deficits during the first two years
3 of occupancy; and

4 (10) the cost of other items, including tenant
5 relocation if tenant relocation costs are not otherwise being
6 provided for, indemnity and surety bonds, premiums on insurance
7 and fees and expenses of trustees, depositaries and paying
8 agents of the bonds and notes that the authority determines to
9 be reasonable and necessary for the development of a project;

10 Q. "real property" means land, space rights, air
11 rights and tangible, intangible, legal and equitable interests
12 in land;

13 R. "rehabilitation loan" means a qualified
14 rehabilitation loan within the meaning of Section 143(k)(5) of
15 the Internal Revenue Code of 1986, as that section may be
16 amended or renumbered;

17 S. "residential housing" means the acquisition,
18 construction or rehabilitation of real property, buildings and
19 improvements undertaken primarily to provide one or more
20 dwelling accommodations for persons of low or moderate income;

21 T. "state" means New Mexico;

22 U. "state, local, federal or tribal agency" means
23 any board, authority, agency, department, commission, public
24 corporation, body politic or instrumentality of the state or of
25 a local, federal or tribal government; [and]

1 V. "substandard housing" means housing that is
2 deteriorating because it needs more repair than would be
3 provided in the normal course of maintenance and has one or
4 more defects that needs to be corrected if the housing unit is
5 to provide safe and adequate shelter; and

6 [~~V.~~] W. "VA" means the federal department of
7 veterans affairs [~~department~~]. "

8 Section 2. A new section of the Mortgage Finance
9 Authority Act is enacted to read:

10 "[NEW MATERIAL] HOUSING REHABILITATION LOAN PROGRAM -
11 REVOLVING LOAN FUND--CREATED--RULES. --

12 A. The authority shall establish a "housing
13 rehabilitation loan program" to rehabilitate substandard
14 housing for eligible persons. Money available for the
15 program shall be used to maximize federal funds available for
16 the program. The board shall promulgate rules for the
17 implementation and administration of the program.

18 B. The authority shall establish a revolving loan
19 fund to make loans to eligible persons and to receive
20 repayment of those loans. "

21 Section 3. APPROPRIATION.--Two million five hundred
22 thousand dollars (\$2,500,000) is appropriated from the
23 general fund to the department of finance and administration
24 for expenditure in fiscal year 2004 to contract with the New
25 Mexico finance authority for a housing rehabilitation loan

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1 program. Any unexpended or unencumbered balance remaining at
2 the end of fiscal year 2004 shall revert to the general fund.

3 Section 4. EMERGENCY.--It is necessary for the public
4 peace, health and safety that this act take effect
5 immediately.

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